

Chairman Tim Scott (R-S.C.)
Opening Statement
Full Committee Hearing
May 1, 2025 at 10:00 AM

Good morning. I want to begin by thanking our witnesses for being here today and for taking your valuable time to provide insight into a really important issue.

Your participation is critical to helping us understand the challenges and opportunities facing our insurance markets and the important role that mitigation policies must play in protecting American communities.

Over the past year, Americans from the Carolinas to California have endured catastrophic natural disasters.

From Hurricanes, like Hurricanes Helene and Milton on our East Coast, as well as the fires happening in South and North Carolina recently to the devastating wildfires across Los Angeles County.

These events have once again made clear the enormous human and economic toll of natural disasters cause, and the urgent need for better pre-disaster planning and a more resilient insurance market.

For families across the country, insurance markets and insurance is not just a financial product – it's peace of mind.

It's knowing that if the unthinkable happens, they'll have the support they need to rebuild their lives and to recover.

But today, more Americans are finding that coverage is either unaffordable, unavailable, or both.

This is a problem that affects every American.

As someone who spent most of my career outside of politics in the insurance industry, I know firsthand how critical a well-functioning insurance market is to our economy.

I also understand the delicate balance between offering affordable products and properly pricing the risk.

Insurance markets must be allowed to function properly. They should be based on sound actuarial and underwriting principles, not artificial mandates that distort prices and ultimately hurt consumers.

Unfortunately, in too many states, government regulations have made it nearly impossible for insurers to price policies based on actual risk.

In California, for years, insurance regulations prohibited the use of catastrophe models and restricted insurers from including the cost of reinsurance in their rates.

From 2012 to 2022, for every dollar collected in premiums, some insurers in California spent \$1.13 in claims and expenses.

That's a problem – the math just doesn't work.

That's not sustainable. It's no wonder that insurers have chosen to non-renew policies or exit the market in California altogether.

And this was before, before the California wildfires.

At the same time, poor land management practices, failure to implement basic mitigation strategies, and misguided environmental policies have made natural disasters even more destructive.

We must be honest about the multiple factors driving the rise in catastrophic losses – from local mitigation policy failures to market distortions created by counterproductive regulations.

That's why I've reintroduced the Repeatedly Flooded Communities Preparation Act along with Senator Schatz.

This bill encourages local, state, and federal cooperation to establish and implement mitigation strategies and plans.

Mitigation saves lives, it preserves property, and ultimately leads to more stable markets and healthier communities.

I believe that a serious and thoughtful approach to mitigation, combined with insurance market reforms that allow carriers to tie real risks to rates, can help ensure that coverage remains available and affordable for Americans across this remarkable country.

So today, I look forward to hearing from our distinguished panel of witnesses about what's working, what's not working, and how we can move forward with practical, effective solutions.

Working together, I am confident that we can help strengthen our communities, our markets, and the resilience of our nation.

Thank you.